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ABSTRACT

The antipoverty initiatives of the Kennedy and Johnson administrations were essentially continued and given increased funding during the Nixon, Ford, and Carter administrations. The Reagan and Bush administrations marked the regression of many employment, training, and welfare programs. Employment and training issues were given high priority during Clinton's 1992 campaign but received less priority during the first year of the Clinton administration. Since the Kennedy administration, federal intervention in the area of preparation for work has improved services to neglected groups. Federal funding of secondary and vocational education has never been high, however. It peaked at 9% in 1980 and declined to 5.6% in 1992. The federal government has assumed responsibility for providing second-chance job training for disadvantaged/displaced persons and ensuring equal access to work. Although employment policies focusing on bringing jobs to depressed areas have yielded disappointing results, direct public service job creation has proved successful. Programs of promise identified in this paper are: Head Start, elementary and secondary education, school-to-work transition, second-chance programs, access to jobs, income maintenance, welfare reform, and targeted job creation. (Appended is a list of 34 assessments of federal human resource programs.) (MN)

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FEDERAL HUMAN RESOURCE POLICY: FROM KENNEDY TO CLINTON

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Preface

The first year of a new presidential administration--especially one which involves a change of political party--is an appropriate time for stock-taking and for assessing the need for redirection of public policy. Since we have been kibitzing in the field of human resource policy from the advent of the Area Redevelopment Act of 1961 and the Manpower Development and Training Act of 1962, we have again taken the liberty to review and assess past policy developments and draw lessons from that experience.

A comprehensive human resource development policy should begin with prenatal care to assure that individuals are endowed with the physical and mental health to enable them to become productive members of society. During childhood they should be exposed to the moral values and psychological attitudes and motivated to master the general knowledge and skills necessary to function successfully in their society and contribute positively to it. Within that context, they should be brought to understand the essential contributions of work and employment and be prepared to choose and achieve a career role.

Society should recognize its dependence upon the productive activities of its members and seek to facilitate them. That includes acceptance of responsibility for the creation of adequate employment opportunities, matching society's production needs to the interests and capabilities of its producers. A compassionate society should accept the fact that there will be those temporarily or permanently incapable of filling their own economic needs and provide them minimal sustenance and subsequent opportunities for return to self-sufficiency. A human resource system should be evaluated on its ability to fulfill

these functions of preparation for work, provision of employment opportunities and access to them, and income maintenance for those inadequately employed.

First, we trace federal human resource development policy, then review its major components. Next we assess the lessons of the past three decades, and finally suggest policies worth implementing or expanding as resources allow.

Christine Spiritosanto offered valuable editorial comments and clarifications of earlier drafts. Much of the following discussion is based on the authors' earlier research and publications. Rather than clog the text with excessive footnotes, references to these source materials are not included. The most relevant products are listed in the Appendix. We will supply inquiring readers the exact sources.

Expansion, Experimentation, Regression, and Transition

*H*uman resource development and utilization is the composite responsibility of the family, the community, the schools, and the employers, with government entities functioning primarily as facilitators and gap-fillers. Though important innovations in human resource policy had occurred over the previous century and a half, only the decade of the 1930s had rivaled the 1960s in the intensity of policymaking relative to the employability and employment of Americans. The subject, however, has never since been long off the policy agenda, although the objectives have varied widely.

Growth: 1961-1979

An upward creep in unemployment rates following the Korean conflict of 1950-53 called into question the adequacy of the 1946 Employment Act commitment to "maximum employment." Debate arose over the causes: a rate of economic growth inadequate to offset the combined effects of labor force growth and productivity increase or the presumed ravages of "automation," either diminishing the total demand for labor or destroying low-skilled jobs while creating an unfilled demand for higher skills, leaving round pegs to fit square holes. Along with an elusive "missile gap," the 1960 election was essentially fought over these issues, kicking off a two-decade intensification of human resource policymaking that was halted and partially reversed in the 1980s.

The magnitude of the change may best be illustrated by a fact and an anecdote. During the debate on the enactment of legislation in aid of depressed areas, much of the opposition centered on the proposed $10 million authorization for training. The opponents warned

that the passage of the provision would open Pandora's box involving federal support of training programs, and they were right. Eight years later President Nixon's assistant secretary for manpower--that was the term used in those days--commented on the scope of his responsibility, stating that in school he thought that 0.1 meant a dime; but in his new position he had to think that 0.1 meant a $100 million.

The Area Redevelopment Act of 1961 (ARA) sought, by improving the infrastructure, to attract new businesses and expand employment in economically distressed areas. Subsequent economic development and accelerated public works programs continued that pursuit for the following two decades. The 1962 Manpower Development and Training Act (MDTA) sought to assist the unemployed to qualify for existing jobs demanding specific skills. The Vocational Education Act of 1963 attempted to shift the attention of vocational educators from the skill requirements of the economy to the skill deficiencies of particular population groups. It encouraged, but did not require, local decisionmakers to broaden the occupational range and expand opportunities to those who failed or were neglected by the high school system. The federal government offered modest federal matching funds to give the reorientation potency. When change did not occur as rapidly as Congress desired, it authorized in 1968 added funds to bolster its priorities, including more technical and cooperative education.

Persistence of unemployment above 5.5 percent (following a war and cold war period during which 4 percent became the norm) was blamed on the phenomenon of "fiscal drag" to be responded to by a "fiscal dividend." As the economy expanded and incomes grew, a progressive tax structure pinched off purchasing power before an acceptable level of unemployment was attained. Either taxes would have to be cut and/or government expenditures increased periodically--a happy circumstance for policymakers. Tax reduction designed to cut 1964 revenues by $8.4 billion and $14 billion in 1965 ($38 and $62 billion in 1993 dollars) was the first

installment. Begun by the tax cuts and accelerated by Vietnam involvement, reductions of unemployment below 4 percent eliminated the unemployment issue for the time.

The Great Society. By then the persistently unacceptable and rising joblessness among disadvantaged groups, particularly minorities, had given rise to equal employment opportunity legislation and a "war on poverty." The civil rights movement of late 1950s and early 1960s led President Kennedy to remark "There is little value in a Negro's obtaining the right to be admitted to the hotels and restaurants if he has no cash in his pocket and no job." Title VII forbidding employment discrimination was added to the equal access and voting guarantees of the 1964 Civil Rights Act followed the next year by Executive Order 11246 requiring of federal contractors affirmative action in pursuit of the same goals. Protection against age discrimination was added in 1967.

Three major developments led to the launching of the Great Society:

- The first products of the postwar baby boom turned sixteen in 1963, with many of them leaving school unemployed.
- Kennedy and his staffers had first seen poverty face to face in the hills and hollows of West Virginia during the 1960 campaign. As a consequence, the Joint Economic Committee (with Kennedy's approval) set out to design an anti-poverty program.
- Above all, incoming President Lyndon Johnson considered combatting poverty "my kind of program." The result was the youth and minority-oriented Economic Opportunity Act of 1964 (EOA).

The major components of the anti-poverty legislation included pre-school youth programs and efforts to empower the poor. Head Start, as the name implies,

was intended to prepare poor children for school. The Neighborhood Youth Corps employed youth from low income families to perform unskilled public service jobs while remaining at home and the Job Corps removed them from debilitating environments to provide basic education and skill training in residential centers. The Community Action Program (CAP) promised "maximum feasible participation" by the poor in policymaking and implementing programs on their behalf.

On the training front, Congress amended MDTA by requiring that two-thirds of its enrollees be drawn from the ranks of the poor. After frustrating attempts to incorporate the increasingly disadvantaged MDTA enrollees into existing vocational facilities, the administration funded "skill centers" that provided remedial education as well as skill training. Their mission included helping inexperienced enrollees to decide the fields in which they might train, extra counseling dealing with their personal problems, on-site placement specialists, and job developers to help them find employment after completion.

The Elementary and Secondary Education Act of 1965, provided federal aid to schools in poverty stricken areas, including support to church-connected schools. The compensatory education needs of those bearing the triple burdens of deprived homes, deteriorating neighborhoods, and dysfunctional schools justified effort to break through those barriers.

Welfare recipiency rose sharply during the decade following the introduction of the anti-poverty initiatives. The Social Security Act of 1935 contained an Aid to Dependent Children component, designed to support female-headed families whose male breadwinner had deceased. A 1962 amendment offered states the option of providing subsistence to families with an unemployed male present, changing the program's name to Aid to Families with Dependent Children (AFDC). One-half of the states had chosen that option but applied it sparingly. The prime cause of the increase in AFDC dependency

was family breakup. Divorce, desertion and out-of-wedlock births were on the rise. A Work Incentive Program (WIN rather than WIP) was introduced in 1967 to offer training in pursuit of employment. The positive accomplishments were the introduction of "income disregards," allowing AFDC recipients to retain up to one-third of their earnings plus $30 a month without losing benefits. But, the law failed to provide employment opportunities for the mothers. Income maintenance was cheaper.

Expansion under Nixon-Ford administration. A combination of disillusionment over the U.S. involvement in Vietnam and a backlash generated by the civil rights and anti-poverty legislation helped elect a Republican president in 1968 without substantial change in human resource policy direction, but with significant increases in funding for existing programs Since Presidents Nixon, Ford, and Carter tended to nominate cabinet heads and subcabinet officials familiar with the programs under their jurisdiction, disruption or rejection of ongoing departmental activities from one administration to the next was minimal, regardless of party affiliation. Anti-poverty programs continued with augmented funding, but that was not the arena of new initiatives. The election had signalled a change in emphasis from the disadvantaged to the mainstream.

Welfare reform generated considerable rhetoric but no action in the administrations to follow, leaving WIN the major attempt designed to help AFDC recipients become self-sufficient. Experience during the Johnson administration generated widespread support for decentralization and decategorization of employment and training programs. By 1973 the Comprehensive Employment and Training Act (CETA) replaced MDTA and EOA and added a modest public service employment component. Rather than discrete programs with differing eligibility rules and offerings, the law provided for diverse services, but still focusing on the needs of the economically disadvantaged constituency. The major change was the initiation of a localized planning and

implementation process subject to broadly designated federal criteria. Local bodies decided who to train with the federal funds and selected the training institutions and occupations.

Reacting to the deep recession of 1974-75, resulting from a combination of Vietnam withdrawal and the OPEC-engendered rising energy costs, Congress expanded public service employment. Reflecting increased congressional attention to the demands of mainstream labor, the law qualified all the unemployed rather than just those from the poverty ranks for public service employment. To bolster unemployment compensation, the federal government extended benefits beyond the normal state-provided 26 weeks limit, by subsequent 13 week increments until a total of 65 weeks became possible for a time. Amendments strengthening the enforcement powers of the Equal Employment Opportunity Commission (EEOC) and the extension of jurisdiction to state and local public employment was another manifestation of protecting the mainstream population. The 1974 Employees' Retirement Income Security Act (ERISA) protected pensions, relevant mostly to relatively well-paid jobs.

In 1971 the U.S. Office of Education advocated that career preparation should be a prime function of elementary and secondary schools through a program of career education. While teaching basic education skills, the elementary schools were urged to emphasize the development of work values and positive attitudes toward work. Middle schools and junior high schools were to provide career exploration opportunities and high schools were to focus on career decisionmaking as well as career preparation for school leavers. Throughout, emphasis was to be placed on interactive use of work examples in teaching academic subject matter, and career relevance was to provide motivation for learning.[1] The incorporation of learning environments outside the schools, work-based learning and employer involvement were all part of the proposed reform.

Since U.S. Commissioners of Education averaged eighteen-month tenures, the impetus soon waned. But a cadre of true believers among educational philosophers, incumbent teachers and administrators continued to advocate career education, and developed a substantial body of curriculum materials. Initial evaluations demonstrated substantial results. The philosophy became infused into the general curriculum in the school systems of a few states, though no broad-based educational reforms resulted.[2]

The mainstream emphasis of the Nixon/Ford years was rounded out by the 1974 trade adjustment assistance legislation designed to assist workers with long labor force attachment displaced from their jobs by the slowly rising tide of international competition. The program was perceptive, aimed not at a major current problem but a rising cloud just appearing on the horizon. But it contained an enduring flaw. Both income support and retraining were offered but not combined. The majority of recipients chose to exhaust the income without taking advantage of the opportunity to acquire new employment skills.

For the poor, probably the most important legislative initiative of the Ford years was the earned income tax credit law. It garnered little attention when it passed in 1975, but has since provided major income boosts to low wage earners and probably will become a powerful work incentive.

The Carter interim. The most promising potential initiative under President Carter was the administration's welfare reform plan, called Better Jobs and Income. The Nixon administration had proposed a Family Assistance Plan (FAP) based on a guaranteed income accompanied by work incentives a negative income tax. Prior to 1967, earnings of welfare recipients, excluding some work related expenditures, were deducted from their welfare benefits--a 100 percent income tax, as it were. The FAP concept would have had those earnings deducted from AFDC benefits akin to the rising marginal rates of the

positive income tax. Conservatives opposed a guaranteed income commitment because of the costs, while liberals considered the proposed guarantee too niggardly. Carter would have substituted guaranteed jobs for guaranteed incomes. Welfare recipients would have been offered public service employment. If they refused, their welfare grants would have been reduced. If they accepted, the wages would have been substantially higher than the grants. But when the price tag was calculated, support for the proposal vanished. The promising welfare reform was stymied by the "stagflating" combination of reduced economic growth, slowing productivity increase and persistent inflation.

In 1977 Congress passed a $1 billion Youth Employment Demonstration Projects Act (YEDPA). The legislation funded extensive experimentation with some promising results, but those were not completed in time to legislate continuing programs before the Carter administration's demise. Congress could have persevered into the next administration but support for employment and training initiations was waning. In 1979 Congress cut sharply the funding for public service employment.

A positive contribution of the Carter administration was the raising of the minimum wage to maintain its real value despite rising inflation. During the Carter administration the minimum wage remained high enough to enable a full-time year-round worker to support a family of three above the poverty threshold. Upon leaving office the minimum hourly rate was $3.35 where it remained until a compromise was hammered out between Congress and President Bush for $3.80 in 1990 and $4.25 in 1991, still well below its real value in 1980. By 1992 the real value of the minimum wage was 24 percent lower than in 1980 and 34 percent below its peak in 1968.

In 1978 Congress enacted the Humphrey-Hawkins Full Employment and Balanced Growth Act. Proponents hoped to strengthen the 1946 Employment Act commitment to "maximum employment." By establishing

a goal of achieving and maintaining the adult unemployment rate at no more than 4 percent, but no serious attempt was made to enforce the law.

Regression: 1979-1990

The Reagan administration attempted to eliminate federal involvement in many employment, training and welfare programs. Congress rejected elimination of significant programs, but did cut their budgets sharply. When Congress did not cooperate in eliminating programs, the Reagan administration achieved much of its goal by discouraging enforcement of federal regulations and monitoring of federally-funded programs. Cabinet secretaries and other federal appointees were no longer the professionals with their essentially nonpartisan commitments to federal human resource initiatives; ideology was a more important selection criteria.

Job training. CETA's reputation had suffered in two ways. MDTA had provided stipends for training participation limited to an unemployment compensation level for adults and $20 per week for youth. CETA shifted to a minimum wage level for all participants, absorbing over one-half of the total budget and allegedly paying some more for training than they had ever earned by working. The Carter administration doubled the enrollment of CETA's public service employment component during its first year in office. Under pressure to fill slots, enough ineligibles had been enrolled to provide substance for investigative reporters to exaggerate. CETA, as one journal put it, became a four-letter word.

The Reagan Labor Department sought to eliminate the program, but bipartisan congressional advocates saved most of it under a new title, the Job Training Partnership Act of 1982 (JTPA). The new law cut sharply federal funding, but the basic program of institutional and on-the-job training continued. Most of the budgeting "savings" were achieved by eliminating stipends and public service employment. The state

administrative role was enlarged and private employers were given an expanded role on state and local policy councils.

The most significant addition was a displaced workers' title consequent to the rigors of the deep 1981-82 recession with its unusually high permanent as contrasted with cyclical displacement. CETA's dislocated workers program (Title III) was designed to replace the Trade Adjustment Act, though Congress retained the latter. Subsequently, the Worker Adjustment and Retraining Notification Act (WARN) required 60 day notice of plant closings and major layoffs. Another Economically Displaced Workers Adjustment Act (EDWAA) amendment called for state-level rapid response teams to bring together workers, unions, employers and public agencies to facilitate adjustment to displacement.

Unemployment insurance. Congress at the end of the 1970s, reinforced by the Reagan administration at the beginning of the 1980s, made a sharp right turn in regard to the unemployment insurance system, the second most important component of the income maintenance floor established by the Social Security Act. Until 1970, Congress had been notably reluctant to assert federal authority, leaving the states free to develop their own systems beyond a few minimum requirements and providing more incentives than directives to extend and expand state coverage. In 1970 and 1976 Congress moved more forcefully to mandate broad extensions of coverage which states had been reluctant to undertake, enacting federal rules limiting state disqualification provisions, and establishing a permanent program of federal-state shared extended benefit periods during recessions.[3] The latter replaced the previous practice of legislating ad hoc federally funded extensions in each recession, though Congress continued to make ad hoc extensions on top of the automatic ones in the recessions of the 1970s.

Another sharp change occurred during the 1980s but in the opposite direction. While earlier federal

incentives and directives had encouraged greater state generosity, during the 1980s federal unemployment insurance legislation became more restrictive. Eligibility rules for extended and supplemental benefits were toughened. Perceptions of client abuse led to stricter enforcement of job search rules, and the reduction of payroll taxes by tightening experience ratings.

Until the mid-1970s state unemployment insurance funds accumulated during periods of economic growth to cover outlays during short-lived downturns. Four negative forces disturbed this orderly arrangement. First, the average level of unemployment rose during the past two decades. The annual rate had been less than 5.0 percent in fourteen of the twenty-four years from 1947 to 1970; it rose above 6.0 percent in thirteen of the twenty-two years from 1971 to 1992. While the unemployment rate never reached 7.0 percent from 1942 through 1974, it was 7.0 percent or higher in ten of the eighteen years from 1975 through 1992. The 1946 maximum employment commitment was discarded in political debate; the concept of full employment had been replaced by search for a non-accelerating inflation rate of unemployment (NAIRU).

Secondly, a smaller proportion of the labor force was enjoying the employment stability necessary to earn unemployment insurance recipiency between cyclical downturns. In part, the problem was demographic, a higher proportion were new entrants and reentrants--youth, women and immigrants. But employer policy also contributed to reducing eligibility for unemployment insurance by increasingly relying on temporary and part-time workers who were less likely to be eligible.

Thirdly, less of the unemployment was cyclical and more of it attributable to "downsizing," permanent layoffs without likelihood of recall. Whatever the rhetoric, unemployment insurance had throughout its history the objective of preserving an experienced workforce for seasonal and cyclical industries. But that practice sent the wrong signals to the permanently displaced, encouraging

them to wait for recall to their former jobs, rather than motivate them to seek retraining or take other steps necessary to launch them in new employment directions. Until the 1980s nearly one-half of workers laid-off during recessions returned to their former positions, compared with 15 percent by the 1990s.[4]

Finally, during the deep 1981-82 recession, the trust funds of 21 states became insolvent, putting the total system into deficit for the first time. This forced these states to borrow from the federal government to maintain their obligation to the unemployed.

Unemployment insurance, including extended and supplementary benefits, which provided income maintenance to 52 percent of the unemployed during the 1970s protected only 38 percent of the unemployed in the 1980s dropping to a low of 32 percent in 1988. During the 1975 recession three of every four unemployed received benefits compared with 44 percent in 1982, when extended benefits were cut sharply, and 37 percent in 1990. By 1992 Congress restored extended support and 52 percent received benefits.[5] Originally designed to replace about one-half of lost income, in 1989, the national average weekly benefit was 36 percent of the average covered weekly wage.

Employment service. Since the 1960s, changing federal mandates have pulled Job Service, as it is now called in most states, in a variety of conflicting directions. During the 1980s its funding was reduced but not its responsibilities. Adjusted for inflation, Job Service appropriations declined by 40 percent between 1979 and 1992. The number of local offices declined from 2600 to 2000 over the same period and the proportion of job seekers served dropped from 31 percent to 23 percent.

During the 1960s the federal government insisted that the state employment services give special attention to the needs of the poor among job seekers. But after congressional refusal of the Reagan administration's proposal to turn Job Service funding totally over to the

states, federal oversight of the system virtually vanished. Federal oversight staff was cut 80 percent to a total of twenty people, leaving them with what the General Accounting Office described as a "meaningless exercise."[6] Where previously the state-administered public employment service had followed every twist and turn of federal policy, now it was left largely to state administrators, but few states had a clear agenda for exercising the new autonomy. The net result was reducing services to the disadvantaged but with no offsetting evidence of improved services to the mainstream of the labor force. The disadvantaged proportion of the Job Service clientele dropped from 29 percent to 14 percent between 1979 and 1990 while the share of clientele made up of unemployment insurance recipients, ordinarily nonpoor, rose from 22 percent to 37 percent.

Public assistance. The Reagan welfare policy tried to achieve reform by imposing sanctions. Federal support for families having an unemployed but employable male present was eliminated, part of a general withdrawal of assistance for the working poor. For those who remained on AFDC, there was to be workfare rather than welfare--recipients were to work for their benefits--but the state welfare bureaucracies largely resisted and avoided the workfare approach. The states failed, however, to adjust AFDC payments to keep up with the high inflation of the 1970s and early 1980s. Between 1970 and 1992 average monthly payments per family declined by 18 percent (40 percent adjusted for inflation). The comparable median state payment for a family of four with no other income declined by 46 percent.[7]

Partly for that reason and primarily a consequence of the increasing incidence of family breakup, the poverty population which had declined from 40 million in 1959 to 25 million by 1970 climbed back to 30 million in 1980 and 37 million by 1992. Rising unemployment and poor economic performance also contributed to increased poverty. With the indexing of social security old age benefits, the numbers of aged poor declined but rose for

children and non-aged adults, particularly household headed by females, blacks and Hispanics. For the latter groups, there was a rising dichotomy between an emerging middle class and increasingly impoverished underclass. Numerous individual programs were consolidated into block grants, ostensibly to give discretion to state and local governments, but actually sharply reducing the total aid available.

Federal assistance to the poor was divided during the 1960s roughly in half between cash and in-kind benefits, total cash benefits remained approximately constant in real terms during the following two decades, while in-kind benefits tripled to a one-fourth/three-fourths split. Health care, food stamps and shelter, in that order, made up the bulk of the in-kind benefits. In 1992 virtually all public assistance recipients were eligible for medicaid, 83 percent received food stamps and 22 percent lived in subsidized housing. The assistance was essential, but involved substantial employment disincentives. Critics who attacked welfare as a prime cause of poverty, rather than a mere palliative, offered no remedy except to eliminate the program, leaving potentially employable welfare recipients to sink or swim. The rising clamor to reform AFDC produced a significant benefit for the working poor. The earned income tax credit and the targeted tax credit were enacted to make work more attractive than dependency.

The 1988 Family Support Act resolved to limit the disincentives by providing child care and temporarily extending access to medicaid to make training possible and employment less unattractive. However, child care funding remains inadequate, states have not been forthcoming with the required matching amounts, employers are not standing in line anxious to employ former welfare recipients, even at the minimum wage, and, even if they were, few employers at that level offer health insurance and other essential in-kind benefits.

Social security. President Reagan had initially favored retrenchment of the social security retirement

program but had come to recognize the political perils involved. A combination of an aging population, more generous benefits, early retirement, and persistently rising unemployment rates threatened the stability of the system. In 1983, the Reagan administration and Congress adopted the recommendations of a bipartisan and expert study commission. The major reforms included a rise in payroll taxes and a gradual increase in the retirement age at full benefits from 65 to 67 by the year 2013. The retirement system was secured for another half-century, but not so the medicare system which faces deficits that might be resolved by the pending congressional health care reform.

Transition: 1991-1992

The most accurate summary statement one can make about the Bush administration's human resource policy position is that it was not as consistently hostile as its immediate predecessor, though the subject was not of high priority. During the entire 1981-92 period federal neglect or deliberate withdrawal shifted responsibility and funding burdens to state and local governments. The Bush administration supported the potentially far-reaching Americans with Disabilities Act but was strongly opposed to congressional attempts to override a series of 1989 Supreme Court decisions limiting equal employment opportunity enforcement and opposed boosting the minimum wage. Twice President Bush vetoed recessionary unemployment benefit extensions before finally reaching compromises with Congress as the 1990 recession wore on and the 1992 election loomed. He refused, however, to compromise on the proposed family and medical leave legislation and Congress upheld his veto.

The human resource policy debate shifted even further from the 1960s emphasis on the poor and disadvantaged. Concern focused on the slow growth of U.S. productivity; the decline in real wages for a majority of the work force; and the persistent balance of trade deficits. The culprits were presumably the poor quality of labor force and the education and training system was

criticized as a purveyor of mediocrity.

The Labor Department funded a reanalysis of data produced by its own Bureau of Labor Statistics, resulting in the widely quoted Workforce 2000 publication.[8] The conclusions were similar to the concern over the automation alarm of the late 1950s and early 1960s that had been dispelled by the falling unemployment during the latter half of that decade. Occupations with high education requirements, growing at rapid rates but comprising relatively few jobs, were perceived as the norms for the employment future. The longer and more intense education hours and days of the Japanese and the youth apprenticeship system of the Germans came in for particular praise. A number of official and self-appointed commissions reiterated the same themes. In brief, the media, policymakers, and analysts sounded the alarm that the nation would suffer serious skill shortages if the educational system and workforce development were not radically transformed to meet the challenges presented by the rapidly changing technology and international competition.

The Bush administration responded by statements urging reforms of the educational system and overhaul of federal training programs. He postponed action until 1993, but the electorate relieved him of implementing his agenda, a task intrusted to President Clinton who adopted with modification the Bush proposals.

The 1994 Clinton Budget

It is not surprising that employment and training issues did not attain the priority during the Clinton administration's first year that they did during the 1992 presidential campaign. Foreign affairs, the gridlock over taxes and deficit reduction, health care reform and government reorganization have demanded attention while significant human resource policy revisions await quieter times, if such ever materialize.

The Clinton administration unveiled its first

budget proposal on April 8, 1993 including a proposed $13.8 million for employment and training. By October, Congress had approved in principle most of the administration proposals, but with major cuts (table 1). The following discussion is based on tentative proposals that surfaced at the end of 1993.

Table 1. Congress cut the 1994 Clinton budget proposal for employment and training by 14 percent.

($000,000s)

Program	1993	Requested	Appro-priated	Change 1993
JTPA state grants	2947.1	4311.2	3429.4	482.3
Title II-A block grant	1015.0	1030.0	988.0	- 27.0
Title II-B summer youth	840.7	1688.8	888.3	47.6
Title II-C youth	676.7	686.7	658.7	- 18.0
Title III EDWAA	414.7	1280.7	894.4	479.7
JTPA federal programs	1381.1	2167.1	1569.8	188.7
EDWAA discretionary	151.9	640.3	223.6	71.7
Native Americans	61.9	61.9	64.2	2.3
Migrant farmworkers	78.3	78.3	85.6	7.3
Job Corps	966.1	1153.7	1040.5	74.4
Youth Fair Chance	50.0	25.0	25.0	- 25.0
Other	72.9	72.9	80.9	8.0
Homeless Job Training	12.5	12.5	12.5	0.0
Jobs Older Americans	396.1	421.1	410.5	14.4
State programs	87.2	92.6	90.3	3.1
National programs	308.9	328.5	320.2	11.3
Unemployment comp.	2265.8	2506.9	2485.3	219.5
Employment Service	894.6	1068.8	968.4	73.8
State allotments	811.0	832.9	832.9	21.9
National activities	83.6	85.9	85.5	1.9
One-stop shops	0.0	150.0	50.0	50.0
Trade adjustment asst.	211.3	190.0	190.0	- 21.3
Vocational education	1169.5	1132.1	1176.3	6.8
Basic state grants	972.8	972.8	972.8	0.0
Tech prep	104.1	104.1	104.1	0.0
Adult education	304.7	315.7	304.9	0.2
State programs	254.6	261.5	254.6	0.0
Literacy programs	41.3	45.4	41.5	0.2
Education reform[1]	0.0	555.0	155.0	155.0
Goals 2000	0.0	420.0	105.0	105.0
School-to-work	0.0	135.0	50.0	50.0
JOBS program	1000.0	1100.0	1100.0	100.0
Total	1582.7	13780.4	11802.1	1219.4

Source: National Governors' Association, October 15, 1993.

[1] In a case of robbing Peter to pay Paul, Congress transferred funds for education reform from programs designated initially for other purposes.

Training the economically disadvantaged. The prevailing underestimate of the potential for training or retraining disadvantaged adults is reflected in the fact that President Clinton recommended increases in JTPA adult and year-round youth training programs inadequate to offset the modest level of inflation, while Congress imposed cuts from the 1993 program. A vicious circle is involved: low budgets without subsistence stipends result in short training duration and inadequate skill and earnings gains. These, in turn, result in unfavorable evaluation results which justify further real budget cuts. Doubling of training duration to prepare for jobs requiring substantial skill would more than double program outcomes. Even if fewer are trained at higher per capita cost, it is long past time to give up on preparation for low-skill, low-pay high turnover jobs which are not worth the price and do not command retention.

Summer youth employment. The two major new JTPA priorities favored by the president's budget proposals were a doubling of summer youth expenditures and a tripling of displaced worker adjustment funding, neither of which were successfully sold to the Congress. The first generated considerable chaos among program operators during the spring and summer of 1993. Anticipating that Congress would respond favorably, the administration sent out the word to recruit multiplied numbers of youth and tool up to provide them remedial education as well as work experience. Congress, however, failed to approve the administration request providing only a 5.6 percent increase for 700,000 summer slots, down from the previous year's 772,000, and with fewer weeks, shorter hours and less pay. Everywhere recruitment was up while job opportunities were down, and thousands of hopeful eligible applicants had to be turned away.

Given the optimistic expectations and shattered realization, probably little academic enrichment occurred. Certainly there are sufficient numbers of available eligible youth. To downplay the potential of skill training for youth because its duration has been too brief to overcome

their disadvantages, while expecting stronger results from even briefer exposure to a remedial education adjunct to work experience without training is a prescription for mediocrity, if not outright failure. Proposals for an education supplement to summer employment had persisted since the Nixon administration, and there is no apparent reason it cannot be a positive addition if carefully managed.

Job Corps. Job Corps was rewarded for its high-cost, good works by a 1994 budget increase of 7.7 percent over the 1993 appropriation. In addition to needed repairs on the existing 112 centers which now house 42,500 youth, the administration also contemplated increased enrollment by 1998 to 62,500 enrollees in 162 centers. Given the continued high placement, retention and wage record of this expensive (annual cost in excess of $20,000 per slot) program and the large numbers available who could profit from its education, training and acculturating services, the proposed increases are to be commended.

School-to-work transition. Congress seemed not as sanguine as the Secretaries of Labor and Education about either the potential of or the federal contribution to the cause of school-to-work transition--a joint, request for $135 million was cut back to $50 million. Programs that tie academic studies directly to employment opportunities are generally successful in adding to the motivation to succeed in both. However, they tend to be expensive because they are normally individualized rather than taught in a classroom. The decision to undertake what is essentially an experimental and demonstration approach is appropriate for decentralized efforts, even if made primarily for budgetary reasons.

The program would be jointly administered by the Secretaries of Labor and Education. A school-based learning component would include career exploration, counseling, and a career major, "designed to meet challenging academic standards and the requirements necessary to earn a skill certificate," and regularly

scheduled student evaluations. A work-based component would offer job training, paid work experience, workplace mentoring, and "instruction in general workplace competencies." These components offer states the opportunity to compete for development and implementation grants to design and test statewide programs meeting those parameters, passing the bulk of the funds to subgrantees to carry out the actual training, funding national experimental and demonstration projects with the remainder. In essence, the K-12 components of the Nixon administration's career education program would be packed into the final two years of high school.

President Clinton proposed a total of $420 million budget for 1994, but Congress appropriated $105 million. The "Goals 2000: Educate America" proposal called for the establishment of an education goals panel and a national education standards and improvement council charged with the formulation and certification of voluntary national standards. The goal is to assess student performance and test whether the students can pass the prescribed standards.

Displaced workers. Displaced workers are the clear winners in the 1994 budget, despite the fact that the results from retraining them has not been appreciably better than training programs for the disadvantaged.[9] The administration proposed tripling and the Congress responded with a doubling of the 1993 EDWAA appropriations. The budget beyond fiscal 1994 is, of course, subject to further congressional scrutiny. Nevertheless, a substantial increase in adjustment funds for the previously steadily employed accompanied by decreased commitments to rehabilitating the economically disadvantaged appears to be the mood of both legislative and administrative intent.

In the fall of 1993, the administration floated and then delayed for early 1994 a "workforce investment strategy" proposal. The intent apparently is to make displaced worker adjustment the primary emphasis of federal employment and training policy. The first step

would be to consolidate the current adjustment programs into a single comprehensive worker adjustment program regardless of cause of displacement. The trade adjustment assistance which has stressed income support will be folded into JTPA's retraining and reemployment EDWAA program, along with seven other smaller displaced worker programs. Included would be the defense adjustment efforts already underway from 1993 discretionary grants. Since the only advantage of multiple programs has been the additions to inadequate funding, the consolidation and the funding increases should be all to the good. What is more significant is the intended comprehensiveness of services.

The administration plan as disseminated without formal submission to Congress would have qualified permanently laid off workers employed by the same employer a year or more for assistance--the exact tenure duration has not been determined. The debate centers primarily upon cost: the longer the period of steady previous employment required, the fewer the eligible and, therefore, the lower the budgetary implications. Also eligible would be employees who have not received layoff notices but who work at military or defense facilities subject to closure within two years.

Contemplated services would include labor market information, on-site rapid response assistance in case of plant shutdowns outreach through a system of worker adjustment career centers (WACCS), and basic reemployment services such as job search assistance (including travel allowances for long distance search), career counseling and, ultimately, retraining. A potentially significant innovation would be profiling unemployment insurance recipients to determine the likelihood of reemployment without major readjustment effort. If reemployment were deemed unlikely, after 13 weeks UI recipiency there would be immediate referral to an adjustment career center for more intensive re-employment services. The latter would include long-term occupational retraining, income support (up to eighteen months past unemployment insurance exhaustion),

dependent day care, transportation and relocation assistance.

The defense adjustment efforts already underway provide discretionary grants for an additional eighteen months income support beyond the usual 26 weeks of state unemployment insurance and training duration up to 104 weeks. Previously cited CETA experience indicates that, though expensive, training of that duration can be justified on a cost-benefit basis when compared with the usual too-brief training provided by JTPA programs. Given the contemplated budgets, however, the relatively generous income support and training periods allowable is likely to be used sparingly, probably only to test the effectiveness of demonstration projects.

At this stage the workforce investment strategy proposal is vague concerning the intended interaction between the worker adjustment career centers and the proposal for "one-stop shops" for training carried over from the Bush administration's 1992 Job Training 2000 proposal. Congress cut the latter Clinton administration request of $150 million for 1994, to a token $50 million. The rationale for this initiative is the need to integrate multiple funding sources and training institutions. The GAO identified 151 federally-funded education and training programs. But these represent a potpourri of federal agencies and constituencies beyond the disabled, disadvantaged and displaced, with the bulk of the funds being used to purchase services from the handful of public and private schools and training institutions in each local community.

As debate reemerges in 1994, the one stop shop proposal is likely to be absorbed into the proposed worker adjustment career centers. More significant is the invitation for competition in the operation of the career centers. "Customers" are to "choose among one stop career center operators," by using competition "among qualified public and private entities." Poor performers would be weeded out enabling "customers [to] make informed and assisted choices among training providers"

with "tuition dollars follow[ing] the customers." The relative advantages of launching new entities compared with long-term institution building could be argued interminably. But Congress will probably resolve the issue by leaving the assignment with the public employment service where it rested before the 1980s budget cuts limited that agency's ability to perform its traditional labor market information, testing, counseling and referral functions.

The one-stop notion is not without merit, but both the Bush and Clinton administrations have overlooked the primary need. It is not to have only one local source of training or adjustment services, but to assure that every point of contact provide access to all available services. The multitude of training, education, housing, health, income maintenance, substance abuse and other services for which multiple-problem poor families are eligible indicate the need for guided access and case-managed integration.

Empowerment and enterprise zones. Finally, an initiative to rehabilitate blighted areas is likely to be the least promising item of the Clinton administration human resource agenda. Initially proposed by President Reagan during his 1980 campaign, but not pushed during his administration, the enterprise zone program was picked up 12 years later by Clinton and enacted as part of the 1993 Omnibus Budget Reconciliation Act with a commitment to provide tax incentives to businesses locating or expanding in depressed communities. As finally enacted the program carried a price tag of $2.5 billion over five years with an initial token budget in 1994 for planning the implementation of the program.

The legislation provides for designating nine "empowerment zones." Each covered area would encompass parts of six cities not to exceed 20 square miles and a maximum population of 200,000. The scope of the three rural zones could not to exceed 1,000 miles. The poverty rates in each population census tract had to exceed 20 percent to be eligible. Employers in those

areas would be entitled to an annual maximum tax credit of $3,000 for hiring each worker residing in an "empowerment zone." In addition the nine selected communities would be entitled to $720 million direct grants over two years for expanding social services including child care, training, and education. In addition the law provides for designating 95 enterprise zones but the direct investment in these areas would be limited to $280 million for expanding social services.

Conceptually enterprise zone legislation is an attractive policy. The program seems to offer a targeted strategy for revitalizing depressed areas. But the designation process of the zones is likely to become an impediment to a successful program. The Clinton administration deserves credit for concentrating resources to a few areas, but placing limits on the number of areas receiving federal aid creates political problems. Every member of Congress will want his or her district or state to share the federal funds appropriated for enterprise zones. Past federal programs that were geographically targeted, e.g. the Area Redevelopment Act and the Model Cities, were expanded to include a much larger number of areas than originally intended. It is likely that the enterprise experiments will repeat the experience. The selection of zones will offer difficult decisions for officials. If they choose areas with potential for redevelopment, the most needy and poorest areas will be bypassed by the program because they are the least likely to succeed.

The overall effectiveness of a federal enterprise zone program is also problematic. "Empowering" zone residents requires that they become economically self-sufficient. For this to happen, residents need to be able to compete effectively in the labor market. Tax expenditures will not accomplish this nor will they provide the mechanisms needed to "empower" zone residents. Many of the residents lack the basic skills needed for most jobs. The potential remedies require direct expenditures.

Empirical evidence indicates that while some

existing firms may expand their operations, investments by other businesses involve location shifts from one site to another. The most the federal enterprise zones program can hope for is a zero-sum gain as investments are transferred from other areas to the designated zones. The redistribution of investments could have a detrimental effect on neighboring areas, except in the unlikely case of relocation from a full employment area. Most blighted areas are surrounded by neighborhoods whose economies may be only marginally better or even worse off. Directing investment away from marginal areas to blighted areas may destabilize contiguous areas. Robbing Peter to pay Paul has been tried before but is hardly a model for a new initiative.

Proposals left out. Budgetary considerations restrained the administration from proposing major initiatives that President Clinton advocated as governor and in his campaign. Since some may be revived under more propitious circumstances, two programs deserve mention.

The campaign proposal to mandate employer training expenditures of 1.5 percent of payroll was dropped as soon as the intensity of employer opposition was felt. A youth apprenticeship initiation that received top rhetorical billing in early 1993, gave way in the fall to the administration-sponsored School-To-Work Opportunities Act.

Assessment

Since 1961 federal policy has addressed nearly every aspect of human resource development: employment preparation including early childhood development, general education and specific skill development; access to jobs through the public employment service and equal employment opportunity enforcement; income maintenance for families with dependent children, the unemployed, the aged and the indigent, along with income augmentation through minimum wages and tax rebates for low-wage earners; job creation targeted both geographically and socioeconomically.

How well has it worked in practice? What have been the accomplishments, limitations, and what major lessons do the federal interventions offer for the future?

Preparation for Work

Although federal expenditures have accounted for a minor proportion of total state and local work preparation outlays, federal policy has had a substantial impact in prodding those governmental entities to undertake otherwise neglected tasks. In contrast to today's debate centering on issues involving systemic reform of the education system, federal policy since the 1960s has focused on helping children whose special needs were neglected by the school system. They included children living in poor and low income families, children with handicaps, children not proficient in English, and Indian children.

Federal intervention has improved services to the neglected groups but only with relatively minor federal

sharing in the added costs. Court orders and federal mandates prodded state and local education authorities to serve the disadvantaged and related groups. At the peak, in 1980, the federal share of total public education expenditures--K to 12--never exceeded nine percent and dropped during the succeeding 12 years to 5.6 percent. The federal role in vocational education has been of similar magnitude, whereas the federal government has taken primary responsibility for second chance job training programs on behalf of the disadvantaged and displaced.

Infancy and early childhood. Future employability is substantially determined by the physical and mental development environment of infancy and childhood. Federal policy has had limited influence on the quality of that environment, but in its absence conditions would have been worse. Medicaid has been far more important than could have been conceived at the program's 1965 beginnings. Subsequent community, maternal and child health programs, though far from adequate, have alleviated calamitous circumstances.

Medicaid replaced a fragmented and grossly inadequate nonsystem of medical care for public assistance recipients. Single mothers and their children receiving AFDC are automatically eligible. Since the 1970s Congress launched additional categorical programs to bolster maternal and child health care of low-income families. These diverse initiatives were consolidated into a single block grant to the states in 1981 at reduced funding levels, causing most states to curtail prenatal and delivery services. But Congress reacted by requiring the states to provide medicaid coverage to all pregnant women and young children meeting state income assistance guidelines. Beginning in 1990, two-parent AFDC families were also covered.

Dependent children have constituted about four of every 10 medicaid beneficiaries but they accounted for only 12 percent of expenditures. Too many infants are still born without the advantage of pre-natal care for their

mothers, but lack of eligibility is not the problem. In addition, the special supplemental feeding program for women, infants and children (WIC) and the commodity supplemental food program channel aid to low-income pregnant and postpartum women and their infants and children up to age five whose inadequate diets might endanger their health. These, along with school lunch (of which all school districts do not take advantage), other feeding programs, and food stamps attempt to shield children from the long-run effects of malnutrition, but funds and availability of food cannot guarantee proper diets.

An effective vehicle for parent training having either never been sought or never been found, parenting remains our most vital amateur activity. Whether parenting ability is correlated with earning ability is unknown, but there was an assumption in the 1960s that children of the poor could profit from an educational head start. That became essential as those who could afford it decided their children also needed preschool education. In 1965, when the Head Start program was initiated, only 16 percent of all four-year-olds attended preschool. By 1991, 63 percent of all three to five year olds in families with incomes above $30,000 attended preschool while, including Head Start, only 45 percent of those in families with $10,000 or less did so.

By 1993 Head Start's budget was adequate to enroll about one-half of all four-year-olds and one-fifth of three-year-olds. That the expenditure is justified is amply demonstrated. Preschool programs for the poor--Head Start and others--have produced lasting gains in terms of reducing grade retention or placement in special education and in enhancing high school graduation rates. One study which followed young blacks until age 27 also found that, compared to a control group, former preschoolers experienced higher earnings and employment rates and were less likely to be arrested or become pregnant as teenagers.[10]

Much has been made of the tendency of Head

Start effects to fade over time, but it would be unrealistic to expect a year of mostly part-time preschool attendance to outweigh all past and subsequent disadvantages. Most of the studies suggest that the gains last several years, more than justifying the expense. Two of every three kindergarten teachers believe that Head Start graduates were better prepared to do kindergarten level schoolwork, follow directions, complete tasks and interact appropriately with both children and adults than their low income peers.[11]

Head Start was designed to enable disadvantaged children to enter school on a more equal basis with their economically better-off peers. However, not only have the nonpoor expanded their preschool participation even more rapidly than the poor, kindergartens have been increasing their entrance standards putting constant pressure on Head Start performance. Head Start has made an important contribution but is in a constant race to keep up, let alone get the clientele ahead of the game.

Elementary and secondary education. It is not easy to prepare a balanced report card for the U.S. public education system. The system has suffered a decade of bad press since a National Commission on Excellence in Education charged that the schools have placed the "nation at risk" by foisting on it "a rising tide of mediocrity."[12]

But with all of the uncertainties, four facts are self-evident. First, expectations have risen, reflected in expressions of concern that one-half of high school students emerge "functionally illiterate." The National Education Goals Report raises the issue with only minor exaggeration:

> The United States is a literate society--on the basis of how literacy was defined a century ago....A decade ago a mechanic could get by with basic skills, a tool box and a simply written manual. Today, a mechanic needs to know statistical quality

control, understand how to work with computers, and read manuals written for someone with at least a 12th grade education.[13]

Secondly, whether unfavorable comparisons over time and among nations are justified, socioeconomic differences in outcomes are obvious. In 1992, 88 percent of white workers over age 24 had high school diplomas compared to 82 percent of blacks and 61 percent of Hispanics. Beyond high school, 27 percent of whites, 16 percent of blacks and 12 percent of Hispanics had bachelor's or higher level degrees.[14]

Thirdly, the location where high school students obtained their education, rather than the race or ethnicity of the student, principally determined educational quality. Finally, changing family structure has impacted negatively on school performance. Single parents are generally unable either to earn an adequate income or to expend the time and energy necessary to help their children succeed in school.

If the primary determinant of school and job market failure is birth in the wrong family or neighborhood, that raises the question of adequacy and effectiveness for preventative and remedial programs. In a decentralized system, those who combine educational awareness and political influence see to it that the schools meet the needs of their children to the extent taxpayers (who are partially but not totally the same people) are willing to pay. Most of those want their children prepared for post-secondary education and they get what they want, but the less affluent lack political clout. The school system has been unable to overcome the academic handicaps of the economically disadvantaged children who enter school underprepared for learning. The schools that enroll them tend to be substandard. School districts with strong tax bases refuse to share with poorer districts, limiting the resources available in those districts with the heaviest remedial loads. Learning, completion and labor market application all reflect and perpetuate those initial

handicaps.

Chapter 1. The passage of the Elementary and Secondary Education Act in 1965 followed a lengthy debate questioning whether federal intervention in the public school system was appropriate. The resulting agreement that the federal government would not exercise "any direction, supervision or control...of any educational institution, school or school system" has hampered effectiveness throughout subsequent history. Congress has repeatedly ignored proposals to target funds on areas of concentrated poverty in favor of spreading available federal money thinly to the maximum number of constituents. The Clinton administration has proposed to reverse this practice, but even if Congress adopts the proposal, it remains highly problematic whether the proposed policy would be implemented at the local level.

In 1990-91, 5.5 million students--one of every nine--participated in Chapter 1-funded instruction. Four fifths of Chapter 1 participants are in elementary school involving one of every five students at that level. The program is widely perceived to be failing in its purpose of helping students doing poorly in school to catch up to their peers. But that is not surprising since the estimated average time allocated for instruction under Chapter 1 is 30 minutes daily for reading and less for math. The actual instruction time is even less--sometimes as little as ten minutes--since the students are generally pulled out of their regular classes to attend the Chapter 1 sessions and must spend part of that time coming and going and assembling. A recent national test administered to third and fourth graders found that during a year in Chapter 1, students fell even further behind their peers in reading and math.[15] They did not even gain when compared to similar children not enrolled.

Seeking to enhance Chapter 1's effectiveness, a review panel established by Congress recommended:[16]

- The program should be part of a systemic school reform within which significant

periods of remedial and supplemental education would be offered.

- o Funds should be more highly targeted to schools located in areas of concentrated poverty.
- o Different tests should be used for the separate functions of assessment at the national, school, and individual student levels, rather than norm-referenced, multiple choice tests that impede effective teaching and learning.

The Education for All Handicapped Children Act. This law is another substantial federal initiative on behalf of students with disabilities. Responding to 1972 lower court decisions (reinforced 21 years later by a Supreme Court decision[17]) that children with handicaps had a constitutional right to educational opportunities equal to those provided for regular students, Congress mandated that states were required to provide all such children "appropriate free public education." In contrast to the hands-off policy of Chapter 1, the special education law presumes a more active federal role. Eligibility rules are prescribed as are those concerned with the distribution of funds. Rather than federal funding without exercised authority, typical of ESEA, the education act for children with handicaps comprises authority with minimum funding. On the average, the education of children with disabilities has cost 2.3 times the regular expenditures per student. The 1975 law authorized federal funds to cover 40 percent of the excess of costs over those provided to nonhandicapped students, but appropriations have never exceeded 12.5 percent of the public schools' outlays.[18]

Students with learning disabilities and speech and language impairments, which together make up three-quarters of the total enrollment, spend less than 15 hours a week in special education classes and the rest of the time in regular classes. Students with serious mental and emotional disabilities are usually enrolled in self-contained programs in either regular schools or special day schools. Of the five million children involved, nine

out of ten are in regular schools with two out of three in separate classrooms. Evaluative data are not available, but judgmental conclusions have been that the quality and effectiveness of educational services to students with disabilities have been enhanced since the increased federal involvement.[19] But that does not preclude complaints that results remain "largely disappointing: high drop-out rates, low employment rates, and social isolation...among the findings...."[20] The fact that students with disabilities still fair poorer in schools and the labor market than other students is not surprising. The significant but currently unresolved issue is how much worse would conditions be without the federal intervention. All that can be said for certain is that the number of students with disabilities enrolled in appropriate programs has climbed steadily from 3.5 million in 1977 to 4.9 million in 1993.

Vocational education. Federal vocational education legislation in 1968, 1976 and 1984 intensified set-asides, seeking to persuade the states to emphasize the training of various disadvantaged groups; in 1984, for instance, the economically disadvantaged, the handicapped, single parents, women preparing for nontraditional occupations and the incarcerated. A 1986-87 assessment was discouraging, however. The federal funds--only about ten percent of total vocational education expenditures--were inadequate to provide substantial leverage. The disadvantaged and handicapped were more likely to show up in training for low level service occupations, leaving high quality vocational education for their opposites.[21] In general, the higher the poverty rates and the lower the academic achievement, the fewer the vocational courses offered and the less the access to area vocational schools providing more extensive course offerings. Particularly instructive was the finding that the more occupationally specific the training the greater its under-utilization in enrollment, completion and subsequent job placement.

It was on the basis of those findings that the evaluators recommended integration of academic and vocational curricula, augmented assistance to at-risk

students to enable them to succeed in more demanding courses, an emphasis on placement efforts, improved linkages between secondary and postsecondary training and a general improvement in the quality of the vocational offering in those schools with high concentrations of poor and low achieving students.[22]

The congressional response was the Carl D. Perkins Vocational and Applied Technology Act of 1990 (better known as Perkins II). The integration of academic and vocational education would use vocational training more as a tool for career exploration than a method of occupational preparation and more as an approach to learning than as specific skill instruction. Articulation between secondary and post-secondary work force preparation recognized that few worthwhile occupations can be adequately prepared for in high school alone. Vocational education responsibility for the transition from school to work recognized the floundering that inevitably occurs if the school merely provides classroom instruction and leaves it to the school leaver to discover opportunities for application.

Not surprisingly, a General Accounting Office review of the 1990 amendments' first two years found only limited change.[23] Team teaching by vocational and academic teachers was in place in only 14 percent of schools for 4 percent of vocational/technical students but plans were being formulated for expansion. The fact that approximately one-half of the students in the high schools surveyed participated in vocational/technical education programs indicated that enrollments in such programs were not limited to a student body which could be labelled as "vocational."

Tech prep programs in which two high school years and two post-high years were spent in integrated preparation for an advanced occupation, and to which approximately 10 percent of the federal funding was earmarked, were found in 18 percent of schools involving 11 percent of vocational/technical programs and 8 percent of students in 1990-91. Plans were declared to be

underway for substantial expansion of those programs in 1991-92 and 1992-93.

Nevertheless, Congress chose to delete from the specified allowable activities under the act the cooperative education programs enrolling 430,000 high school students in 1989-90 and accounting for 8 percent of total high school enrollment. These integrated, not vocational and academic learning, but vocational training and part-time employment and on-the-job experience. Such programs are not prohibited, however, and will undoubtedly survive.

Eliminating the set-asides, it was hoped, would bring into the mainstream of higher quality employment preparation those who might have been segregated into low quality programs. The results remain to be seen. A distribution formula which provides to small states two to three times the federal funds per student as the large states would seem to carry a bias against school systems with concentrations of disadvantaged and handicapped students. The 1992-93 GAO review found no net increase or decrease in the enrollment of the economically and academically disadvantaged, the disabled and students with limited English language proficiency, though half of reporting districts claimed addition and expansion of services for such students.

Looking at vocational education from the post-secondary end produced similar findings. Of the 93 percent of two-year colleges offering vocational/technical programs to 43 percent of their enrollment, only 21 percent offered tech prep programs in 1990-91 but that had risen to 36 percent the following year, with 58 percent either having or being engaged in developing such programs.[24] Few had post-completion data adequate to determine outcomes and differentiate between disadvantaged and nondisadvantaged placement rates.

All in all, there appeared to be little reason to change earlier conclusions that secondary-level vocational education was playing a significant career exploration role but was experiencing relatively few training-related

placements, primarily because few students at that age had made a lasting career choice. On the other hand, post-secondary enrollees (recipients of about 40 percent of the total federal funding but less than that of the enrollment) had more work and life experience, knew what they wanted to do, had favorable training-related placement rates, and increased their earning power thereby. However, the gains were concentrated among those enrolled in longer-term community college and technical courses rather than short-term training for rudimentary skills. Assessment of the 1990 new departures will have to await another writing, but they represent promising directions.

Vocational rehabilitation. A 1993 assessment of vocational rehabilitation by the General Accounting Office found the program to be serving 5 to 7 percent of the potentially eligible 14 to 18 million persons with physical, mental and emotional work limitations.[25] Lack of interest in or knowledge of the rehabilitation policies appears to be as much a deterrent as funding. Perhaps that was because the services provided were most modest. In 1992 purchased services averaged $1573 with one-half of enrollees receiving less than $500 worth. While practically all received diagnosis and most were given counseling and guidance, 12 percent received vocational training, 11 percent college training and 8 percent on-the-job training.

Second chance programs. Considering the passage of time and the changing circumstances, MDTA (1962-73), CETA (1973-83), and JTPA (since 1983) have shared similar operational problems and results. To keep per capita training costs down there was always pressure to train for low-skilled, high turnover jobs, as well as to enroll the most-qualified applicants available to keep placement rates up. Those who had never been employed or who had low-paid jobs prior to their pre-enrollment unemployment generally experienced higher pay and steadier employment following training. Those displaced from jobs paying average wages were retrained for jobs at lower pay and, of course, lost seniority in the process. In

that setting, women usually gained more than men because they were more likely to be prepared for better jobs than they held previously. With the exception of the Job Corps, the youth programs provided little effective aid to enrollees with fundamental behavioral disadvantages whose primary obstacles went beyond inadequate education, skill training and work experience.

During the MDTA decade, unemployment averaged less than 5 percent producing an economic climate conducive to training and filling expanding job opportunities. CETA covered the stagflation period of 1974-82, when unemployment averaged nearly seven percent. Nevertheless, despite training periods shortened by the budgetary drain of minimum wage level stipends, the program manifested a modestly positive cost-benefit ratio. Comparing the enrollees' increased earnings to program costs, each dollar invested in classroom training returned $1.14 in social benefits. Comparable figures were $1.39 for each dollar invested in the Job Corps (including crime reduction) and $2.18 per dollar for on-the-job training. But classroom trainees whose training duration was less than 20 weeks experienced only one-sixth the gains of those who trained for more than forty weeks, with similar findings for Job Corps.[26]

The JTPA results parallel the MDTA and CETA experience. Training duration remains too short to make a major change in individual economic prospects. The abolition of stipends under JTPA all but eliminated the poorest unless they were welfare recipients or members of families in which others were employed. Placement rates continued at about the three-quarter mark at wage rates sufficient at full-time, full-year employment to approach but not reach the poverty threshold in a one-earner four-member family.

Generally, as a result, women's outcomes compared to their past experience continued to be better than the still positive outcomes for adult men. Not so for youth, despite a high priority given them. A flawed but still useful classical experimental evaluation of JTPA

training concluded that black out-of-school youths earned even less following training than control groups who had received no training.[27] The General Accounting Office reinforced those findings.[28] The skills centers which had served the disadvantaged well during MDTA and CETA were disbanded under JTPA or absorbed into mainstream vocational, technical and community college institutions where the skill centers lost their identity and unique abilities.

The behavioral characteristics of low income youth were becoming more dysfunctional and training duration was shrinking; 15 to 18 weeks of training was expected to overcome the accumulated disadvantages of that many years. Employers were not eager to employ youth of suspect backgrounds, especially when they had a ready supply of adults, older workers and immigrants to draw from. The few programs which have demonstrated success with this population have been characterized by at least a year's enrollment duration, integrated combinations of basic education, skill training and on-the-job experience, visible connection to jobs of promise, mentoring by respected adults, opportunities for high profile community service, and the possibilities of further educational advancement upon demonstrated success. Youth have shared decision-making responsibilities within their programs and gained a greater sense of empowerment than that available through their anti-social activities. There is no reason to expect success with lesser commitment. Yet the 1992 JTPA amendments stipulated that at least 50 percent of the youth served by the brief JTPA offerings must be out of school and no less than 65 percent must be facing serious barriers to employment. Under the circumstances, only major rehabilitation efforts could be expected to have substantial payoff. Throughout the three decades the high cost residential Job Corps won plaudits because of its ability to achieve rehabilitation among youth of particularly debilitating backgrounds.

Displaced homemakers, previously out of the labor force but forced into it by widowhood or divorce, were a new target group. For them, mentoring approaches in

which employers assigned experienced employees to guide the new hires proved to be particularly effective. Services to women household heads were limited by scarce funding for child-care.

In all three successive employment and training programs--MDTA, CETA, AND JTPA--wage subsidies for on-the-job training had a higher payoff than classroom training because placement was built-in. However, relatively few employers participated and too many accepted the subsidy, provided no meaningful training and then failed to retain the trainees as regular employees, though pressure was being applied to remedy the latter situation.[29]

Displaced workers. No program can save most displaced workers from substantial income loss. As time passes in any job, a worker's pay tends to rise from tenure as well as from promotion. Even reemployment by another employer at the same task is likely to require starting over well down the pay ladder. Most of the displaced will have learned firm-specific skills on the job and, regardless of retraining, will have to learn other firm-specific requirements. Given the changing industrial structure, workers displaced from relatively high wage manufacturing are most likely to find reemployment in relatively low wage services. A similar pattern is likely by size of the employing firm. Many experience long periods of unemployment and some, particularly older workers may never return to the work force.

Meager per capita investment in displaced worker training has differed little from expenditures for disadvantaged adults, and the results have been consistent. Layoffs have been from relatively high paid manufacturing enterprises; training has been for relatively low paid service jobs. The best payoff has been for job search training, but that assumes both existing skills and available jobs. Many employers were ignoring or subverting the early warning requirements of federal law or were excused from them by various technicalities to have substantial effect. Still sixty day warnings of major layoffs were up

from 11 to 18 percent of the cases in 1987 to 30 percent in 1990.[30] Nearly one-half of employers who gave WARN notices reported that their displaced employees found new jobs more quickly than otherwise would have been the case. Sixty one percent of employers experienced little or no cost as a result of the notices; 29 percent reported lower worker productivity after they issued the notices. But the alternatives available even with warning, are limited by local labor market conditions.

According to one estimate displaced workers lost an average of $80,000 earnings. The authors concluded that retraining of at least two year duration--equivalent to an associates degree--would be necessary to restore their earning power.[31] Increased international trade, reduced defense expenditures, and other causes of displacement increase the well-being of the many at the expense of the few. The best public policy can do is to minimize those losses, but at considerable cost.

From thirty years of experience, the value of second chance training had been proven, but so had the old adage, "you get what you pay for." Funding has been sufficient to enroll only about five percent of those eligible (although not necessarily of those available for training) for JTPA services, and that at a minimum level of service. Training durations have always been limited by available funds which have consistently fallen behind the pace of inflation. Training of those durations could prepare only the modestly disadvantaged for low level jobs; better than nothing but far from the potential.

Access To Work

The federally-funded and state operated public employment service has remained the major agency for matching job seekers with available jobs while equal employment opportunity enforcement has attempted to see that only productivity-related characteristics are considered in the employee selection process.

Job service. Job Service seems to be an ugly duckling that never quite becomes a swan. Employers seek employees and workers jobs through a variety of informal networks and alternative sources. Job seekers pursue whatever inside tracks are available to them, ending up with the help wanted ads and the public employment service as the residual. Not that the other placement intermediaries are notably more effective than the employment service. The proportion of job placements made through private employment agencies are not dissimilar from that of the public service, though being more selective among both employers and jobseekers, the wage rates of the private agency placements average considerably higher. Help wanted ads figure in nearly three times as many hirings as either, but they are only an information source--not necessarily an accurate one, not a competing agency. Direct application and informal communication through current employees, relative and friends meet the needs of most employers at most times. Job seekers respond in like manner. The task of the local public employment offices remains to match the hardest to place job seekers with the hardest to fill jobs.

To a substantial degree, the declining proportions of the poor among the employment service clientele must be attributed to the policies of specialized agencies serving poor applicants. Administrators of employment and training programs prefer to do their own placement or contract it out to other organizations responsible for their clientele alone. Although there are no data to prove the case, they assume that the placement rates will be higher if effort focuses on their clients alone. Job Service, on the other hand, is convinced that job orders its offices handle decline as employers become convinced that referrals will be drawn from the economically disadvantaged.

Since 1984 public employment offices have referred between 7 million and 8 million individuals annually to job openings listed by employers. In 1990, 3.2 million of those referred were hired, though one-half of

the hirings were for temporary jobs expected to last less than five months. No widely acceptable criteria exist to help determine whether or not that is satisfactory performance.

Technological advances over the three decades dramatically enhanced the potential usefulness of the public employment service. The matching of job seekers' interests and abilities with suitable job openings is a task tailor-made for computers, saving staff time for instruction in job search techniques, resume preparation and other assistance improving job-seeking success. But an obligation to place those of limited capabilities conflicts with that potential. The fact is that if the public employment service were not available, it would have to be invented to play its residual role. Not only must job matching services be provided, but the additional job service functions of unemployment compensation administration and labor market information are equally essential. Yet its tarnished image keeps it perpetually underfunded for its tasks.

Equal employment opportunity. Ample past experience had demonstrated that because of discrimination, many have been denied access to employment opportunities and advancement for reasons totally unrelated to their willingness and ability to work. State level fair employment practice commissions during the 1950s and federal legislation and regulation thereafter sought to remedy this situation. Each federal administration from 1960 to 1980, as well as the courts, demonstrated commitment to the policy. In contrast, the Reagan administration exercised limited enforcement. Budget cuts reduced the staff of the Equal Employment Opportunities Commission (EEOC) so that it filed fewer court cases and did not initiate the class action suits and broad impact cases it had pursued previously. The EEOC was less than half as successful in 1988 as in 1980 at achieving settlements (13 percent versus 33 percent of closed cases) and almost twice as likely to reject them (50 versus 29 percent). The Justice Department waged an activist attack against previous legislative, regulatory and

judicial interpretations of equal opportunity rules by challenging them in court. The Supreme Court, its composition changed by Reagan appointees, overturned in 1989 several previously established equal employment opportunity enforcement principles, inviting congressional action in 1991 to counteract the court's decisions.

The results are difficult to measure. Wage differentials, unemployment rates and employment/population ratios still reflect substantial gaps by age, race, sex, national origin and disability. But they are impacted by so many forces that varied explanations appear plausible. Enforcement has been spotty and dependant upon the initiatives of discriminatees or their advocates. Several spectacular incidents publicized the potential high costs of violation. But those are the exceptions rather than the rules.

All one can say is that American employers of any consequence are aware of the risks and costs involved in violating antidiscrimination laws.

Income maintenance and welfare

Unemployment insurance, AFDC, the earned income tax credit, and income maintenance programs are integral components of the federal human resource policy. Social security deserves mention in this context only as a program which unwisely encourages retirement at an age which is becoming physiologically younger and imposes a rising burden on society, although its basic support for the aged is vital. While not an income maintenance program, the role and impact of the federal minimum wage is also assessed here.

Unemployment insurance. For more than half a century the unemployment insurance system has served as the first line of defense against unemployment and temporary interruption of earnings. By guaranteeing committed workers about one-half of their regular earnings for 26 weeks, unemployment insurance has accomplished several goals:

- It has enabled the temporarily unemployed to cover their essential needs.
- It helped ease downward spirals during recessions by bolstering aggregate purchasing power.
- Taxing on the upswing and spending on the downswing of the cycle helped stabilize the economy.
- Skills were preserved by encouraging job losers to wait for recovery rather than abandoning their higher skills for whatever substitute employment was available.
- Firms in cyclical and seasonal industries were partially protected from loss of their workforces, enabling money-saving layoffs and prompt recall.

But a new set of realities now prevails. Trust funds experienced frequent deficits, fomenting a mild revolt. As long as the tax was low, employers in non-cyclical industries did not object strongly to subsidizing cyclical and seasonal employers, but opposition rose when states boosted the wage bases upon which they applied their payroll taxes. However, at the same time the tax base was being extended, the cyclical and seasonal industries were declining as a proportion of total employment and their political clout declined. In response to the changing political pressures, state legislatures modified UI laws to tie the payroll tax more specifically to each employer's unemployment experience, restricted the proportions of the unemployed eligible to receive benefits, and increased their disqualification penalties.

The average length of unemployment increased as a higher proportion worked part-time and more experienced workers lost their jobs. A system well-designed for cyclical fluctuations only delayed adjustment to the realities of permanent displacement. Displaced employees waiting for recall often delayed their job search or retraining efforts until they exhausted their benefits. The proportion of white, middle-aged industrial workers

and college-educated among UI recipients rose. Unemployment insurance was still a hedge against poverty for many, but the system needs reform to adjust to changing economic circumstances and altered labor market practice.

AFDC and welfare reform. The goal of the 1988 Family Support Act was to reform AFDC. Central to this effort is the Job Opportunities and Basic Skills (JOBS) component. Those without children under three years of age (one year at state discretion) were to accept day care, remedial education and job training in preparation for employment. Others could volunteer. Medicaid, housing subsidies, food stamps and other in-kind support continue through training and for a time into employment. Two-thirds of AFDC adult recipients are exempt from participation in JOBS and in 1993 one of every nine AFDC participants was required to enroll. The law requires states to progressively increase participation of single parent AFDC recipients to reach 20 percent by 1995. In 1992, when the law was supposed to have become fully effective, an average monthly flow of 510,000 AFDC recipients enrolled in JOBS, including an estimated 11 percent who were assigned to work components, 40 percent to educational programs, and 30 percent to training.

Congress appropriated $1.1 billion for fiscal 1994 ($1.0 billion in the preceding years) for implementing JOBS. The availability of federal funds is contingent upon the states meeting financial matching requirements. As a result of budgetary constraints due to the recession that began in mid-1990 and the slow recovery after the official end of the downturn, states failed to appropriate the required matching funds, and thereby impaired the implementation of JOBS. Even if the states spend enough to avail themselves of all of the federal matching JOBS funds, however, the overall work/welfare investment would fall short of the real dollar levels attained in 1980.

At the end of 1993, an assessment of JOBS is necessarily tentative since the law required the states to

operate JOBS statewide by October 1992. During the four years following the JOBS enactment, AFDC caseloads swelled by three million people, approaching 14 million in 1993. Yet only 461,000 AFDC recipients enrolled in Jobs during fiscal 1991. Enrollment of teen parents, a supposedly high priority of the JOBS program ranged by state from 7 to 53 percent with an average of 24 percent and results as widely divergent as the enrollments.[32] California's experience with a law similar to JOBS provides some insight concerning the program's potential. A six county study of the state's Greater Avenues for Independence (GAIN) program which was enacted in 1985 found that two years after enrollment earnings increased and payments declined marginally in four counties and one county achieved significant gains compared to a control group. The remaining county experienced negative results in earnings and a rise in welfare payments. For the total sample the average earnings per experimental enrollee was 24 percent higher than for the control group.[33]

The final score for JOBS is not yet in. There are numerous obstacles in the way of self-sufficiency for welfare recipients, but the bottom-line is apparent: there is no congregation of employers waiting to employ them, whatever their preparation.[34]

Earned income tax credit. The federal EITC has become the most important government benefit for the working poor, popular with conservatives and liberals as a work incentive; liberals also favor EITC as a source of augmented income. The credit is strongly pro-work because nonworking parents do not qualify, and pro-family in that it is available only to custodial parents. While welfare benefits fall as earnings rise, the working poor are the major beneficiaries of EITC.

In 1994 the basic EITC provided a 26.3 percent credit of annual earnings up to $11,000 for families with one child and 30 percent for families with two children. At that level of earnings, a family with one child qualified for a maximum credit of $2,038 and $2,528 for a family

with two children. The benefit is then phased out with earnings above $11,000 until reaching zero at an income of $23,760 for a family with one child and $25,300 for a family with two children. By 1996, when the current law becomes fully operational, a family with two children will be entitled to a maximum credit of $3,370. The maximum credit for workers without children is only $306. EITC payments are not subject to benefit reduction from other programs such as AFDC, Supplementary Security Income, medicaid, subsidized housing and food stamps.

The federal minimum wage. The federal minimum wage is closely related to EITC; both raise the incomes of the working poor. Since the 1980s the value of EITC has increased while the real worth of the minimum wage has declined by one-third between 1960 and 1992, having peaked in 1968, and by 24 percent between 1980 and 1992. In 1968 a full-time, year-round minimum wage worker could support a family of three at 20 percent above the poverty threshold. By 1992 the comparable minimum wage fell 21 percent short of the poverty threshold. Only by living alone could a minimum wage worker avoid poverty today.

The employment and income effects of the minimum wage have been interminably debated but the best evidence, weak as it is, seems to be that the employment effect is marginally negative while the income effect is positive, with young workers taking the brunt of the employment impact and adults gaining most of the income advantages. The minimum wage reflects society's judgement of the lowest acceptable earnings standard short of relying on welfare programs. Given the relatively low level of the minimum wage in 1993, it is apparent that the gains from a reasonable increase would outweigh the losses.

Targeted jobs tax credit. Enacted in 1978 as an adjunct to employment and training programs for the disadvantaged, TJTC offers a tax credit to employers who hire targeted poor--18-22 year-olds, Vietnam veterans and ex-felons, AFDC, SSI and general assistance recipients,

and the disabled undergoing vocational rehabilitation. The credit amounts to 40 percent of the first $6000 of wages during the initial year of employment. In addition, employers are entitled to subsidies of 40 percent of the first $3000 paid in wages to low-income 16 and 17 year olds for summer jobs. The Treasury Department estimated that in 1990 the credit cost amounted to $245 million.

The experience has been a troubled one. Employers have not taken advantage of it to the extent expected, despite the relative ease of obtaining certification. Operation has been hampered by frequently reauthorizing the program at the last minute or letting it lapse and then reinstating it. Some employers were getting tax advantages for employing people they would have hired in the absence of the tax credit. Credit can be taken for eligible employees already hired as long as Job Service is informed before they actually go to work.

The TJTC experience demonstrates that without clear governmental guidance and vigorous oversight, private-sector antipoverty remedies are subject to abuse. The program is doubly vulnerable because it cannot function properly without an efficient and well-staffed employment service to oversee it. The Reagan administration attempted to abolish TJTC and the Bush administration substituted neglect for opposition. The Labor Department has largely ignored the program's deficiencies and Congress has done little to fulfill its oversight responsibilities. The hiring of those who would have been employed anyway could be addressed by requiring employers, subject to penalty, to certify that the individuals were hired after the voucher request. A strengthened employment service could also verify TJTC claims. In addition, simultaneously raising the wage base and lowering the credit rate might deemphasize use of the credit for the lowest paid jobs. Survival of the TJTC should be contingent upon reform, but in 1993 Congress authorized the permanent continuation of the program.

Employment Policy

During the three decades under consideration, federal policy frequently addressed the difficult task of expanding employment opportunities in labor-surplus locations and for population groups not adequately served by private economic development or macroeconomic policies. Policies focusing on bringing jobs to depressed areas have yielded disappointing results. In contrast, direct public service job creation has earned a solid record of combatting unemployment.

Area redevelopment. Area redevelopment efforts, largely limited to infrastructure--roads, sewers and other public facilities--along with minor amounts for technical assistance, loans and skill training, were rarely extensive enough to turn around a depressed local or regional economy. However, the effort may have made some difference at the margin. The provision for customized training to the specifications of a new or expanding employer may have made a job location difference in some cases but without changing the total quantity of employment. Regional economic development efforts, therefore, became a zero sum game with one area's gains at another's expense, often to the net advantage of no one but opportunistic firms.

Public works. Public works have rarely been implemented in a timely fashion to be effective as a countercyclical measure. Of course the action can still be helpful since unemployment tends to lag recovery. And if the problem is secular stagnation rather than a cyclical downturn, the stimulation is timely whenever it materializes.

Public works have to be undertaken, at best, when the benefits promise to exceed the cost, without undue concern for coincidence with recession. The first round of job creation primarily provides employment opportunities for skilled construction workers and construction suppliers, both of them often from outside the targeted geographical areas, with an indefinite spread

of secondary employment opportunities among the targeted population. Locations can be targeted for public works, but jobs for the low income unemployed are much more difficult to target through that means.

Public service employment. Public service employment, on the other hand, can be and has been quickly mounted and targeted by location, time and socioeconomic group. But the passage of legislation has been subject to the same delays as public works. Thereafter, all that is necessary is to provide the funds to pay the salaries of extra hands employed by public and not-for profit agencies. As noted from the Carter administration experience, there are limits to the rapidity of PSE expansion, but the magnitude limit has never been tested and is likely to differ, depending on overall and local economic conditions.

During the 1970s public service employment provided jobs to the unemployed, work experience to the disadvantaged, and, for many, transition to unsubsidized jobs. A continuing challenge was keeping state and local governments from substituting PSE employees for their regular employees, benefiting their taxpayers but resulting in no net increase in employment.

Altogether the PSE record is a positive one, offering both countercyclical employment and the work experience for transition to permanent unsubsidized jobs. A standby PSE program triggered by rising unemployment would be an effective tool for countercyclical policy and for reducing involuntary idleness. Also, the long-sought work-based welfare system is not likely to be accomplished without a PSE base. An ongoing socioeconomically targeted job creation program is an appropriate complement to discretionary fiscal policies in good times, and more so during economic downturns.

Indian reservations: a special case. The 900,000 Indians living on or near reservations present a special case for job creation. For over a century federal policy regarding the original inhabitants has vacillated among

relocation, assimilation, economic development, education and neglect. Many of those who left the reservations at their own choice molded into the broader population. Others who were not successful drifted back to their reservations or remained dysfunctional in urban settings as did most of those who were relocated under government impetus. Some Indian youth have been able to make the leap to professional status as reservation teachers, administrators and social workers. Others, but still a minority, have found satisfactory off-reservation employment near enough to maintain cultural and family ties. Reservation economic progress has generally foundered on lack of resources and viable economic development. Job creation remained therefore a last resort to attaining a livelihood.

The potential for developing self-sustaining economies differs on every reservation because of the variance in geography and economic prospects. In some locations, farming, ranching, forestry and mining offer opportunities for economic development. Some successful Indian-operated enterprises exist and others operated by non-Indians employ substantial numbers of reservation residents. In other cases, non-Indians lease reservation properties to their own advantage without significant gain to the Indians. During the past decade gaming establishments have become an important source of income and employment on several reservations. Potential toward self-determination is present for these reservations if the gaming ventures experience sustained profits, as long as reservation inhabitants do not become the gamblers.

A realistic strategy for reservations requires a combination of investment in education, skill training, and the development of reservation natural resources with emphasis on native employment, attracting labor-intensive industry, small enterprise development and self-employment. This goal cannot be achieved "on the cheap." No doubt most will remain dependent on federal largess, but given resources, patience, commitment, and time a minority of reservations are likely to succeed.

Reforming Human Resource Policies

*R*ecommendations for improvements in U.S. human resource policy are not in short supply but that does not deter us from adding to the surplus. We begin at conception and end, appropriately, in the twilight years. We do so, not with high hopes of influencing policy in an age of budget deficits, but to put on the record those proposals which experience has proven effective or has provided the basis for high prospects of success, once funding becomes available.

Toward a Real Head Start

No greater contribution could be made to the alleviation of welfare dependency than the prevention of premature, out-of-wedlock pregnancy. To enter gingerly into the thorniest of thickets, any education worthy of the name which promises to prepare youth for life should instruct them to effectively control their powers of procreation. The least prepared for parenthood are the least likely to avoid risking it, and their parents the least likely to be effective in dissuading them. Too many families are ill equipped to socialize the young and even to teach them simple facts of life. For too many children the schools are the only universally available site to teach the range of birth prevention technology, including contraception. Given the long-range cost consequences, federal funding of such instruction would be a forthright and potentially high-payoff investment.

Failing birth prevention, or when child-bearing is the choice of those economically unable to pay the cost, medicaid--or a potential universally-available health care alternative--should provide readily the full measure of pre-natal and infant care needed for a reasonable shot at a healthy childhood and adulthood.

Training for effective parenting should be at least as ubiquitous as driver education, but at a minimum it can be required of those receiving various kinds of federal assistance. Such training should be an integral component of sex education for the appropriate age groups. Federal policy could mandate availability and exposure to the needed training for all funded pre-natal, infant and child care, WIC, Head Start parents and AFDC recipients. One appropriate vehicle for that objective is Home Start, a version of Head Start in which staff visit parents and children at home, providing an opportunity to teach parenting skills as well as reach all preschool children of all ages at lower costs than daily center-based instruction.[35]

As noted earlier, the objective of Head Start has shifted to preventing the children of the poor from falling further behind as preschool became the norm for the nonpoor. With the 1994 budget increases, Head Start funding will be adequate to enroll half of the eligible children. When and if full funding of Head Start is achieved, federal emphasis should shift to more fundamental objectives. Every child should be offered access to quality pre-schools. Federal funding should be the gap filler after encouraging state and local policy makers including school authorities to meet the challenge to the best of their ability. Within the Head Start program, care will be necessary to assure that multiplication in quantity does not lead to subtraction in quality. The federal funding agent has the responsibility for close evaluative supervision to discover, prevent and reverse any tendency to fall behind. Government may face a trap of surrogate parenting from birth to adolescence and beyond unless the cycle is somehow broken.

Quality will be best assured by stressing Head Start expansion within the school system. Community-based organizations have been important as champions of early-childhood education among the poor and have been particularly effective in recruiting Head Start parents as aides. But they are not well-instructed nor well-

positioned to monitor educational quality. An additional argument for elementary school conduct of Head Start and other preschool programs is the ease of transition into kindergartens in the same familiar environment. Enlarging the role of the public schools in Head Start may speed the day when that responsibility can be assumed by local education systems.

Elementary and Secondary Education

The elementary and secondary education experience is the only universally available instrument to prepare youngsters for a successful career experience. There is wisdom in the long-term American preference for limiting the federal education role to research, development, and assistance to overwhelmed schools. But widespread support, endorsed by the nation's governors and two successive presidential administrations, to a set of national education goals invites an enlarged federal role.

Of those goals set forth currently in the Clinton administration's Goals 2000 Educate America Act, federal involvement in preparing the children of the socioeconomically disadvantaged to start school ready to learn--national education goal 1--is the objective of Head Start and the other early childhood programs. Achievement of the second goal--a 90 percent high school graduation rate--is not far off. The challenge is to reduce the dropout rate of underclass youth and assure the quality of that learning experience for all.

Goal 3, having American students "leave grades 4, 8, and 12 having demonstrated competency in challenging subject matter...and prepared for...productive employment in our modern economy," requires federal leadership in the establishment of national education standards, as well as increased educational support for those encumbered by overwhelming socioeconomic burdens. The new National Education Goals Panel is to develop such standards for key academic subjects and tests to assess shortcomings and progress. Though their use is voluntary, national standards may challenge local schools to enhance the

educational achievements of their students. An annual report including state by state assessment, such as that issued in 1993, may keep states alert and give local schools a guide for testing their achievements.[36] The next priority task is to develop a system capable of assessing the cognitive abilities of students rather than the ability of teachers to "teach to the test." The expense of the goal-setting process is manageable and the results can hardly be anything but productive.

Making American students first in the world in science and mathematics by the year 2000, the fourth of the national education goals, is unrealistic. Those are the subjects in which they lag the furthest behind. But the effort can only lead toward improvement and the national academic standards will clarify the target.

Drug and violence free schools--goal No. 6--is outside the range of current discussion.

Goal 5, universal adult literacy, is challenged by its moving target. Because of the difficulty of defining "functional literacy," the 1992 national study listed five proficiency levels. Approximately a quarter of the respondents--level 1--ranged from inability to respond to the survey to the ability to perform simple, routine tasks involving brief and uncomplicated documents such as a deposit slip. Another quarter of the respondents, at level 2, were able to locate information in a text and make low-level inferences from it, calculate the total cost of a several item purchase and find a designated intersection of a street map. Level 1 respondents averaged one-half as many annual hours of work as those in the top three levels with two-thirds the earnings of those in level 3 and one-third the average earnings of level 5. More than two-fifths of the lowest level compared to 4 to 8 percent of those in the two highest levels lived in poverty.[37]

To attack this problem, there was available in the 1992 federal budget $362.4 million appropriated to 29 programs in seven agencies.[38] Less than $75 million of it specifically earmarked for literacy development. The

remainder is appropriated to such programs as adult education and JTPA where the moneys have alternative uses at the discretion of the administrators.

Passage of the Educate America Act and promulgation of its goals accompanied by periodic assessment offers an opportunity for useful federal educational leadership, despite budgetary stringency. However, federal supplementation of the costs of educating the economically and educationally disadvantaged in now expected. The potential benefits of the education goals for those still in school can best be provided to them through revitalization of the Elementary and Secondary Education Act. But that will require abandonment of Chapter 1 as it has been administered in favor of concentration on the most poverty-impacted of schools, systematic reform within these schools and a federal guarantee that stricter national standards will not be allowed to cause those schools and their students to fall further behind the rising norms.

A concerted attack on adult literacy will be likely to find more success if pursued within the context of preparation for improved employment--an added burden for the already underfunded employment and training programs.

School-to-Work Transition

Improving the transition from school to work is certainly worthy of some experimentation as long as the problem and the objectives are clear. Those who do well in school rarely have difficulty making the transition from school to work. But most who do well in high school choose to continue on to postsecondary education. Improving school performance should be the first priority. But there are many who learn more readily in a hands-on than in an academic environment and others so alienated from the schools that an alternative approach is essential. Those alternatives should be recognized for what they are. Few American teenagers are prepared to make a lasting

occupational choice. The purpose of work-based learning at this age is four-fold: to motivate youth to learn what should have been learned in the academic setting, to open career exploration opportunities in order to facilitate more realistic subsequent career choice, to offer the discipline of work experience, and, incidentally, to use earnings as a carrot to encourage continued learning.

Work-based learning opportunities will be limited at best. Nowhere have large numbers of employers proven willing to participate and that scarce resource must be carefully husbanded. Cooperative education is a proven approach, dependent for success primarily upon the effectiveness of the school staff in proselyting employers and coaching the youth. Appropriately visioned, secondary level vocational education is another potentially-effective tool. Rather than preparation for specific necessarily limited occupations, it can be transformed into a vehicle for hands-on learning of the practicalities of otherwise abstract concepts.[39] The fact that only one-half of school leavers ever use in employment the occupationally specific courses taken in high school is often viewed as a mark of failure. If recognized as a career exploration experience and a motivation to stay in school longer, accumulating further academic preparation in the process, the roughly 10 percent federal matching expenditure for vocational education is more than justified.

But the emphasis must be postsecondary career preparation. For nearly fifty years, the most rapidly growing occupations in percentage terms have been characterized by such requirements. However, those openings have been relatively few in numbers compared to the slowly growing but preponderant employment opportunities with limited educational requirements. Twenty years ago, it was even possible for informed observers to warn against overeducation.[40] That condition may reassert itself in the future. But at least for the present, the widening wage advantage of the postsecondarily educated, buttressed by the latest BLS projections, argue the opposite premise.[41] In that

pursuit, Pell grants and educational loans have been essential and should be expanded, though more vigorously monitored. But that set of priorities--secondary vocational education as career exploration and vehicle for applied academic learning, postsecondary occupational preparation and tech prep as a bridge between the two--will not just happen; the federal partner should declare the priorities and exercise the modest leverage its minimal expenditures provide.

Second Chance Programs

All federal employment and training programs confront the same obstacles. Barring serious mental and physical health limitations or dysfunctional lifestyles such as drug or alcohol addiction, employability can be enhanced through some combination of remedial education, skill training (whether classroom or on-the-job), and work experience. But the trainee, must be motivated to succeed and the providers need to commit resources to sustain the effort. The adult and youth components of the Job Training Partnership Act, the worker adjustment efforts, the welfare JOBS program, and vocational rehabilitation all suffer from trying to do too much with too little.

The demonstrated willingness to provide stipends and up to two-years training for job losers employed by the Defense Department or its suppliers provides the key. JOBS, of course, requires no stipends because its enrollees are AFDC recipients; but the rest do on a needs basis if reasonable and effective training is to occur. A realistic assessment should be made of the length and combination of remedial education and skill training required for each eligible applicant and, if no other source of income support is available, stipends should be supplied. The enrollees' progress needs to be continually assessed and those not performing adequately should be first warned and then dropped.

The outcomes of displaced worker programs have not been appreciably better than those for the

disadvantaged, but political pressures dictate expansion. There is justification for special assistance to those who bear more than their fair share of the costs of shifts in national policy such as defense and trade. The contrast between the lifestyle when steadily employed at substantial earnings and when unemployed may be even more stark for the nonpoor, though the need is certainly not greater. However, displaced worker programs will not survive over time without demonstrated results.

A sound program would select occupations substantial enough to provide adequate incomes, fund training sufficient to prepare for them, and require performance commensurate with success. Current practice of expecting too much with too little might as well be abandoned. Whether for the disadvantaged, the displaced, or for the general upgrading of the labor force and enhancement of productivity, another priority training challenge is to expand the role of private employers in that effort.

Access to Jobs

The potential payoff to restructuring the delivery system for employment and training programs has been exaggerated. The issue is not to have only "one shop," where one can go to find access to available services but that access to all available help be available wherever one stops. And those who need such integrated access is not so much the displaced worker but the multiple problem economically disadvantaged family which needs case managed access to the full array of food, health, housing, income maintenance and other social services, as well as employment and training wherever they happen to confront the system.

For employment and training services, there is already the JTPA system governed by State Job Training Coordinating Councils and Private Industry Councils, usually with membership from every relevant organization. For almost universal access, there are the approximately 2000 offices of the maligned sixty-year old Job Service.

Despite limited resources, the latter continues its tasks of providing labor market information, matching the hardest to place workers with the hardest to fill jobs, and administering unemployment insurance.

To have available under one roof information about and referral to the full range of employment, training and income maintenance sources makes sense, though there is no reason to limit the number of outlets where that multiple access can be obtained. But there is not reason to think that a new and untried administrative structure will perform any better than that which now exists.

Equal employment opportunity enforcement appears to have adequate impetus under the current administration and the enhanced enforcement powers of the 1991 Civil Rights Act. Aggressive enforcement, including mediation efforts, can assure equal consideration for access to jobs for which the applicants are qualified. The remaining need is to provide access to skill enhancement for those denied opportunities for lack of qualification--another indicator of the need for second chance programs.

Income Maintenance

Three significant changes are needed in the unemployment insurance system. First, state trust fund adequacy should be assured by reasonable projection of outflows over time and by reforming the payroll tax to fit. Secondly, the federal extensions now voted by Congress in each recession should be automatically tied to the national unemployment rate, phasing in and out without further legislation. The third needed reform has already been recommended by the Clinton administration: early identification of those unlikely to become reemployed without remedial efforts and requiring such involvement as a condition of continuance. The latter, of course, would require ready availability of retraining, relocation, or other adjustment services, and an ongoing public service employment program as a last resort for those

who cannot obtain employment. A boost in the federal payroll tax is potential vehicle for obtaining the outlays necessary to implement the indicated reforms.[42]

The social security old age pension reform requirement is straightforward. A 65 year retirement age chosen nearly sixty years ago when the average age at death was five years short of that cannot be justified today when the average age at death is 75 and rising. In addition, the waste of human resources is unconscionable. After forty years of employment, many elderly may prefer a change of pace. But that does not mean they crave idleness, nor that society is obligated to support them if they did. The social security retirement age should rise much more rapidly than provided under current law, while thought and planning are given to flexible forms of employment for those kept in the work force longer.

The minimum wage reform needed is equally straightforward, but no easier to accomplish politically. Current practices of allowing the real value of minimum wage rates to deteriorate between intermittent and delayed congressional actions prevents employers from planning their labor costs and reduces the meager incomes of minimum wage earners. The desired relationship between the minimum wage and changes in the consumer price index or the average hourly wage in private industry should be determined once and for all and a formula adopted for annual increments.

The earned income tax credit has been moving steadily in the appropriate direction--increasing the returns to employment for the working poor. Currently the most needed reform is to bring under the program's shelter the childless and single poor not now eligible.

Welfare Reform

The obvious goal in a society where most parents--mothers and fathers--work is to enable welfare parents to join the crowd. The need many have for child care and the necessity for most to undergo remedial education and

training to have any realistic opportunity of employment at a wage at least equal to or exceeding welfare payments and accompanying in-kind benefits including health insurance, is well-recognized if not well-financed. The Clinton administration plan for a two-year cap on the duration of benefits recognizes those needs but ignores the more basic problem. There is no evidence of significant numbers of employers ready to employ welfare mothers as soon as they are trained. Neither is there any evidence that significant numbers of such recipients would choose to remain idle if jobs were available equal in pay and benefits.

Of course, every reasonable effort should be made to find acceptable private jobs, but any welfare reform that does not include an undergirding of public service employment is doomed to failure. However, that is an expensive proposition. Without that component, the only way to build and maintain a work-based welfare system which we join the President in advocating, is to provide opportunities to engage in useful community services activities in return for benefits. Even that imposes additional supervisory and administrative costs. With opportunities for employment and adequate child care and health service in place, nearly all AFDC recipients, not just a select few, could fill the employment requirement and the two-year entitlement would be unnecessary. A one-year entitlement might be useful as a period of assessment and training entry, but at the end of that time the recipient would be in training, employed, explicitly excused from employment for health or another valid reason or given the option of working off their income support. But the fact remains that, at least in the short run, the cost of any employment requirement would be greater, though more desirable, than the budgetary costs of a dole.

Targeted Job Creation

The past record of public works and area development does not provide promise that the enterprise zones legislation is an appropriate device to alleviate

unemployment or poverty. Rather than target localities, job creation efforts should target those needing jobs. Public Service employment for welfare recipients should be the first priority. Beyond that need, the targeted jobs tax credit could be justified if steps are taken to assure that the subsidies passed to employers are for hiring workers who would not have been employed in the subsidy's absence.

Priorities and Costs

There still is no free lunch. None of the recommended programs has been or will be without substantial cost. But assessing budgetary implications has not been our purpose; that chore we entrust to others. Rather, we have been concerned with identifying from thirty years of policy and program experience what has worked well enough to merit consideration in the future. All the alternatives are not costly, at least not in federal budget terms. For improvements in the educational mainstream and in the training efforts of employers, the federal role is best limited to experimentation, demonstration, and persuasion, along with whatever leverage can be supplied from federal policies addressed to other needs and priorities. Where costs imposed on the few are consequences of federal policies designed to further the well-being of the many, there is a moral obligation to spread the costs and ameliorate the impacts through adjustment measures; displacements due to trade and defense policy changes being the current prime examples. But even here caution is necessary. Those who have been beneficiaries of public policy have no claims that the support be perpetuated.

The critical needs of the economically and socially disadvantaged are another matter. That is a debt not owed to the present generation but to the future. The breakdown of family structure, the rise of out-of-wedlock births, and the deterioration of communities where neighbors helped their less fortunate compatriots shifted increasing and more pressing responsibilities on government to arrest and reverse rising social ills. Invariably the federal government responded by attempting to do more than was possible with the resources committed. As a result the impact of most federal initiatives has been marginal. However, in the few

cases where public per-capita investments have been generous the payoff has been significant. The Job Corps has been a notable example of success because government policy has been consistently to limit slots to allow for high costs per participant. This has not been the experience of other training programs where funds fell far short of demand. The "solution" of training officials has been to cut services in order to enroll more applicants. But they have not mastered the miracle of assisting the multitude with a few crumbs. This opened the training programs to widespread criticism because they failed to provide for noticeable and sustained improvements in the earnings of enrollees.

Finding that public institutions have failed in too many cases, some employers have increased their investments in training their own employees. But frequently these actions have been accomplished by reducing their staffs, increasing the number of workers who turned for assistance to the public sector.

The consequences of leaving social ills poorly attended are too dire for neglect, and total society effort at all governmental as well as private levels requires marshalling of wisdom and resources. The issues are, first, effectiveness--what will work, and subsequent selection of priorities, based on need and relative outcome. It is in that context that this paper has reviewed current practices, indicated needed modification, and identified programs of apparent promise.

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